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The Cautionary Story of Los Angeles County's $4 Billion Sex Abuse Settlement

By Bonnie M. Baker
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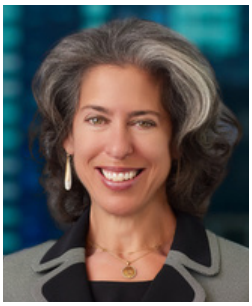
Earlier this year, Los Angeles County announced a $4 billion settlement to resolve thousands of decades-old sexual abuse claims related to alleged misconduct at county-controlled facilities, including juvenile detention centers and foster homes. The $4 billion settlement is the largest in our country's history, over $1.5 billion more than the history-making 2022 resolution between the Boy Scouts of America and over 80,000 individuals, and so substantial that County officials predict it will have "a significant impact on the County's budget for years to come."

While the settlement, which resolved previously time-barred claims brought pursuant to California Assembly Bill 218 (A.B. 218), was initially touted as providing a measure of justice for victims of childhood sexual abuse, the *Los Angeles Times* recently published a report detailing how some claimants under the settlement were paid to file claims and instructed to fabricate allegations of abuse.

This provides a wake-up call for municipalities, school districts, and other institutions about the risk of fraud and other misconduct in connection with settlements of claims brought under sexual abuse "lookback" statutes which revive otherwise expired causes of action, as to which there is often a lack of evidence due to the passage of time. This article proposes some potential measures to mitigate that risk.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Long Dormant Claims of Sexual Misconduct Present a Unique Opportunity for Fraud

Claim-revival statutes like A.B. 218 and New York's Child Victims Act (CVA) allow survivors of sexual abuse that occurred long ago to pursue damages for claims asserted during a limited "lookback window." Such statutes permit claims of childhood sexual abuse against not only the alleged perpetrators, but also parties whose negligent acts or omissions may have caused or enabled that abuse, without regard to when the alleged abuse took place.

But the passage of time presents an enormous challenge to the availability and integrity of evidence as it may be difficult to identify living witnesses who can testify about events that happened many decades ago, and witnesses may struggle to accurately recall those events. Also, survivors of childhood sexual abuse who moved among juvenile facilities, foster homes, or school districts are unlikely to have retained records of the time they spent in those places, if they ever had them in the first place.

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Likewise, institutional defendants such as social services providers, school districts, and municipalities frequently lack records and files dating back many decades, to a time when record retention requirements were less detailed and specific, if such requirements even existed. Also exacerbating the absence of documentary evidence is the fact that state laws, like those of New York and California, may permit plaintiffs who file complaints alleging sexual abuse to do so anonymously due to the sensitive nature of the allegations.

All of these circumstances make it difficult for an institutional defendant that is inundated with such previously time-barred claims to be able to assess the claims' factual foundation. This problem is even more acute where the defendant is incentivized to achieve settlement in as cost-effective a way as possible.

Nevertheless, these obstacles are not insurmountable. To the contrary, as set forth below, each stakeholder in the legal system—defense counsel, plaintiffs' counsel, and the court—can play a role in minimizing the possibility that bad actors will corrupt the settlement claims process by engaging in fraud. Moreover, instituting safeguards to reduce fraud will not only ensure that a defendant's settlement dollars get into the hands of abuse survivors with legitimate claims, but will also restore and buttress the confidence of a settling defendant's financial backers, whether taxpayers, insurers, members, or donors, in the defendant as a reliable financial steward.

Defense Counsel Must Implement "Know Your Customer" Protocols

As with many long-tenured institutional defendants named in CVA actions, Los Angeles County found itself struggling with a raft of A.B. 218 claims, some of which dated back to the mid-20th century. One of the problems the County reportedly faced was not having a clear idea whose claims it was agreeing to settle. Not only did plaintiffs file complaints anonymously, but the County did not take depositions of the plaintiffs and instead, as reported in the *Los Angeles Times*, relied solely on the say-so of the claimants' lawyers, whose contingency fee arrangements left them poised to receive over $1 billion in fees.

Defense counsel should establish guardrails at the beginning of the settlement process to help ensure the validity of the claims being settled. For example, as a condition of settlement, defense counsel should require each claimant to complete

a claim form that will be submitted to the court, setting forth basic verifiable, biographical information about the claimant and details of the sexual abuse alleged, and the claimant should be required to sign it under penalty of perjury. The confidentiality and secure handling of such claim forms can be negotiated by the parties.

Moreover, as part of the claim verification process, there should be a procedure for contacting individual plaintiffs randomly or, if the number of settling claimants is sufficiently small, to contact each claimant. This contact could be made, with agreement of plaintiffs' counsel, by defense counsel or a court-appointed neutral. In particular, such contacts can help to identify patterned responses which may be indicative of fraud.

> Whether these reactive measures will meaningfully deter fraud in future settlements remains to be seen, but the damage has been done to survivors of sexual abuse whose legitimate claims may be obscured in public discourse by the reprehensible conduct of bad actors.

To be cost-efficient, where a defendant is facing hundreds or thousands of claims, these claims could be sampled by plaintiffs' law firms. For example, where a law firm represents 50 or more claimants, defense counsel could conduct a sampling audit of those claimants. Indeed, knowing that the mere possibility exists of being contacted by phone to verify a claim may be a sufficient deterrent to discourage an individual from asserting, or being induced to assert, a fraudulent claim.

Plaintiffs' Firms Must Vet Their Clients

Some plaintiffs' firms do massive intake of potential clients, utilizing phone banks and endeavoring to limit the firm's work on each case after initial intake. Instead, plaintiffs' lawyers should vet their clients much more carefully, verifying names, addresses and phone numbers, even though this may be challenging if clients have unstable living situations. Plaintiffs' lawyers should also obtain proof of where the claimant resided during the period of the alleged misconduct. Additionally, Plaintiffs' counsel should ask their clients to search for documents, including medical records, diaries, photographs, letters, and membership cards, and where they are available, provide them to defense counsel to help validate claims and build trust in the settlement negotiation process.

The Court's Fiduciary Role

The parties should bring the court into the settlement process at the outset and ask the court to put structures in place on the front end to ensure its integrity. The *Los Angeles Daily News* reported that one plaintiffs' law firm had complained to both the court and Los Angeles County's lawyers about the fraudulent solicitation of clients by other plaintiffs' firms, but these complaints were ignored. If the court fails to set clear ground rules, the integrity of the settlement process will be jeopardized and confidence in the court will diminish.

From the beginning, the court must make clear to the lawyers that there will be zero tolerance for fraudulent claims, that referrals for attorney discipline will be made if appropriate, and that the judge will refer any claimant suspected of perjury for prosecution. The parties can also agree that the court can question randomly

sampled plaintiffs *in camera*, and under oath.

Moreover, as part of their orientation to the bench, new judges should be educated by seasoned judges who have presided over other mass settlements, including settlements of sex abuse claims, on best practices when the parties are envisioning a sizable distribution of funds to a very large class of claimants.

Alternatively, the parties can agree to appoint a neutral administrator to serve some of these functions. This approach may allow for additional privacy protections for victims, selection of an oversight authority experienced in dealing with sex crime victims, and a faster and more efficient oversight process in light of the substantial dockets burdening many courts.

What's Next: What We Can Learn from Los Angeles County's Experience

In the wake of the reporting on fraudulent claims, Los Angeles County strengthened its fraud-prevention measures as it approved an additional $828 million to resolve over 400 more sex abuse claims. For example, the County instituted a fraud hotline, where individuals can report fraudulent claims anonymously by phone.

The County is also considering the establishment of a "no solicitation" buffer zone around social services offices to prevent predatory efforts to solicit economically and emotionally vulnerable individuals as claimants, an apparent response to reporting about how certain fraudulent plaintiffs were recruited. And on Nov. 19, 2025, the Los Angeles County District Attorney announced that his office had launched a criminal investigation into the fraud that is focused on lawyers, recruiters, and medical practitioners who may have been involved in the submission of fraudulent claims.

Whether these reactive measures will meaningfully deter fraud in future settlements remains to be seen, but the damage has been done to survivors of sexual abuse whose legitimate claims may be obscured in public discourse by the reprehensible conduct of bad actors. Indeed, the *Los Angeles Times* reported that "[a]mong some survivors, there is a palpable fear that the fraud allegations will steamroll the settlement, overshadowing the fact that many county-run facilities were home to unchecked abuse and torpedoing their chance of receiving a life-changing sum."

It is doubtless true that we cannot ferret out every would-be fraudster who seeks to exploit the proof problems inherent in claim-revival statutes. Nevertheless, if each stakeholder in our legal system acts proactively and with vigilance to disincentivize fraud, public confidence in the settlement process as a vehicle for delivering justice may increase. That outcome would be a win all around.

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